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ABSTRACT

The paper briefly focuses on two questions: Can the recent growth trend be expected to continue into the future? and What does this imply as far as public policy and programs are concerned? Statistics on growth in the seventies suggest three possibilities: a change in the functions of metropolitan and nonmetropolitan areas; the decline of the city as the major cultural and economic focus; and the decline in the utility of the present statistical definitions and the continuing homogenization of America. What is probably happening is a mixture of all three possibilities. However, some of the major forces that will influence the American economy and demography for the next few decades need to be examined, since it is these that will shape not only how many people will live in the rural areas, but also their relative well-being. These major forces include: the aging of the baby boom; continued decline in the birth rate and aging of the population; lower rates of job formation and economic growth; energy supply and cost; and the role of American agriculture in world food supply. Three inequalities can result: agriculture will not equal rural America; industrial development will not equal increased community well-being; or growth or increased well-being for rural America will not equal growth or increased well-being for the rural community. (NC)

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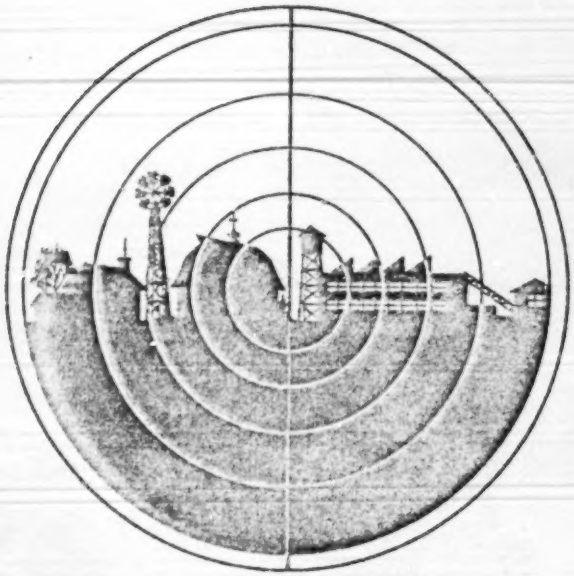

November 15, 16, and 17, 1976

Washington, D. C.

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Communications and Rural America

Purpose

In April 1976, the Office of Technology Assessment (OTA) of the U.S. Congress issued a staff report entitled *The Feasibility and Value of Broadband Communications in Rural Areas.* The purpose of the conference is to extend this effort by:

- Considering a broader range of communications technologies which might be used to meet rural needs.
- Further examining the question of whether system demonstrations aimed at achieving economic viability are needed and if so, identifying the kinds of demonstrations which might be undertaken.
- Further examining whether rural interests have been adequately considered in existing Federal communications policy.

The outcome of this effort will be a report incorporating the information and points of view presented at the conference.

Congressional Interest

The conference is being held in response to a request for additional information on rural communications from Senator Herman Talmadge, Chairman of the Senate Agriculture Committee, as approved by the 12 member Technology Assessment Board of the U.S. Congress. Senator Pastore of the Senate Subcommittee on Communications subsequently joined Senator Talmadge in support of the conference. It is intended that the conference will be of value to the U.S. Congress in its deliberations on communications policy.

Conference Dates and Organization

The conference will convene for 3 days, November 15–17, 1976, with about 60 invited participants. For the first 2 days, participants will be equally divided among three panels which will meet in parallel. Each panel will concentrate upon a specific topic addressed in the OTA report as follows:

- **Panel 1.** Rural Development and Communications.
- **Panel 2.** Technology, Economics, and Services.
- **Panel 3.** Federal Policy.

On the third day, participants from all three panels will meet together to exchange and synthesize findings and explicitly address the question of rural system demonstrations.

Cosponsoring Institutions

The National Rural Center is cosponsoring Panel 1 (Rural Development and Communications). The Aspen Institute is cosponsoring Panel 3 (Federal Policy).

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FORCES INFLUENCING RURAL COMMUNITY GROWTH

Remarks delivered before the panel session on the Demographic Shift Toward Rural Areas, of the Annual Meeting of the American Agricultural Economics Association, State College, Pennsylvania, August 17, 1976.

by

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August, 1976

This panel is to focus on three questions: What is happening demographically in the rural areas of the United States? Can the recent growth trend be expected to continue into the future? And, what does this imply as far as public policy and programs are concerned? The first question has been dealt with very capably here and elsewhere by Calvin Beale. There is little room to doubt his statistical evidence. As the latter two questions lend themselves more to non-statistical arguments and as I have little data, I will concentrate on them.

What we are at or nearing the end of an era seems certain. What lies ahead is by no means certain. Several years ago the Virginia Rural Affairs Study Commission published its first report with these words and nothing else on the cover.

> Since the industrial revolution, cities have been growing and rural people have supplied the growth (Virginia Rural Affairs Study Commission, 1970).

Today that quote would not be accurate. Cities, at least the largest ones, do not seem to be growing any longer and, taken as a whole, the nonmetropolitan areas are growing faster than the metropolitan areas.

Twenty years from now will another rural affairs report state?

> The decade of the seventies marked the end of metropolitan growth and the beginning of a rural renaissance. A new settlement pattern developed in the United States, one that was unique for a high technology economy.

The statistics on growth in the seventies suggest three possibilities:

1. A change in the functions of metropolitan and nonmetropolitan areas;

2. The decline of the city as the major cultural and economic focus. It has happened before. At the end of the Roman Era in the Fifth Century A.D. cities could not be sustained by the culture and were thus abandoned.

3. The last possibility is decline in the utility of our statistical definitions and the continuing homogenization of America. This latter is much less dramatic. If it's merely our definitions, we ought to be able to handle that among ourselves. The homogenization of America, however, might be just as much a cause for concern as the beginning of a new Dark Ages.

What is probably happening is a mixture of all three of the above possibilities. What is happening and what it means will not leap out of the statistics on metropolitan and nonmetropolitan change, however. Instead, we must step back somewhat to look at some of the major forces that will influence the American economy and demography for the next few decades. It is these major national forces that will shape not only how many people will live in the rural areas, but also their relative well-being.

1. The Aging Of the Baby Boom--The children born in the post-World War II years already have had a tremendous impact on this nation.

First, grade schools had to be built to accommodate them, then high schools, then colleges and universities. Some analysts, however, warn that the biggest challenges lie ahead--having an economy that will not only generate jobs for these young adults as they enter the labor force, but also one that will contain adequate opportunities for upward mobility as this group advances into middle age (Johnston, 1976). Moving an inverted population pyramid through our hierarchical organizational structures seems quite a challenge. How this challenge can be met is one of the great unknowns of the future. Johnston points out that the annual growth in the labor force in the years preceeding the coming of age of the war baby boom cohorts was about 880,000 of which less than 150,000 were teenage workers. More recently the annual growth has been over 1,700,000 with over 300,000 teenage entrants. The peak lies ahead. To the growing number of new teenage entrants into the labor force we must add the rising expectations of women. This combination is difficult to portray adequately in statistical terms. We have a tremendous growth in the measured labor force, but an even greater growth in the potential labor force, and a still greater rate of growth in the demand for jobs and careers that offer some upward mobility.

The movement of the war baby boom cohort into the labor force is one of the most important, if not the most important, factors that will shape the future distribution of population in the United States. Where the war babies go will be where the growth will occur. As has been true of past generations they will doubtless go where the jobs are. Where

will the jobs be in such vastly expanded numbers? More important, will our economic and political institutions be able to generate them anywhere? Let us not be choosy about rural or urban locations. If they cannot be generated we may face a social time-bomb far more important than the metropolitan-nonmetropolitan distribution of population.

2. Continued Decline In the Birth Rate and Aging Of the Population--Right now it seems the birth rate will continue to decline in both rural and urban areas (Current Population Reports, 1974). This will mean that the rural areas will not serve one of their traditional functions--supplier of immigrants to the cities. As the population rapidly ages, there will be a substantial shift in the demand for public services. Fewer schools will be needed, but health care needs and facilities for the aged will increase.

3. Lower Rates Of Job Formation and Economic Growth--The problems of the war babies will be made much more acute if the predictions regarding economic growth in the United States do come to pass. One current debate is whether the United States' rate of economic growth over the next few decades will be substantially less than it has been in the post-World War II period (U.S. Department of Housing and Urban Development, 1976). An election year may not provide a dispassionate assessment, but some implications of slower growth are troublesome. The United States has done its problem-solving out of its growth. It has not gone in for absolute redistribution of wealth, only for changing who gets what shares of the increment in national wealth. Furthermore,

the most serious consequence of slower growth is that it will doubtless reflect a lower rate of job formation.

4. Energy Supply and Cost--The cost of energy relative to other costs almost certainly will increase. Some supply difficulties and shifts in the various fuel shares of overall energy needs also seem likely. This will have many confusing impacts on rural areas and their development. First, rural areas as suppliers of raw materials for energy will see tremendous activity (a carefully vague word). Appalachia is now having another of its boom periods--lots of jobs, lots of activity. But whether it will have a lasting, favorable impact on the well-being of the Appalachian people is not clear. Second, as you all know, rural industry has become very dependent on relatively cheap oil. Agriculture is now very dependent upon both energy uses of oil and petrochemicals for insecticide and fertilizer (Wilson, 1974). Availability problems and increased cost will require not only adaptation to new sources and equipment changes, but also may severely decrease the profitability for some kinds of production. Increases in the price of gasoline for automobiles will make the rural pattern of long distance commuting very expensive. Increased transportation costs for industry may again tip the production cost balance in favor of more central locations.

5. The Role Of American Agriculture In World Food Supply--The final factor to consider in looking at the future of nonmetropolitan areas is the role of American agriculture. The huge decrease in rural population due to the mechanization of agriculture is doubtless over. We have more than enough productive capacity to meet our own needs and traditional

markets. If the United States were to become a major supplier of anti-starvation food reserves to the world, it would mean a substantial increase in production, a substantial increase in the relative wealth of American agriculture, but probably only a modest increase in rural population.

Each of these major forces has more than one possible outcome, of course. It would be mere fortune telling to say which outcome will occur. We have been surprised in the past by shifts in such factors as birth rate and lifestyle preferences. Furthermore, the factors can be combined in a number of ways, offering a sort of do-it-yourself futures kit.

What I do see happening is an extension and blurring of the metropolitan outer ring (Current Population Reports, 1975). The settlement pattern of the United States is developing into a huge Swiss Cheese, with two kinds of holes. The first kind of hole is the central cities of the older and larger metropolitan areas. These are emptying like the dust bowl of the 30's. The other kind of hole in the demographic Swiss cheese is the large and still remote areas in the mountains, the Great Plains and the West. Both of these kinds of holes seem likely to lose population, at least relatively, to the cheese itself. We have no present statistical term to describe the cheese. It is the fringe of the major urban conglomerations, the smaller and medium sized metropolitan areas, and the less remote nonmetropolitan regions. Beale is quite correct in saying that much of the 1970-74 growth cannot be explained adequately by saying it is merely

nonmetropolitan areas becoming metropolitan. However, an important factor is that all of this fringe area, whether metropolitan or not, is tied to the metropolitan economy for many kinds of services and trade. The growing counties are hooked into the metropolitan areas for most of their supplies, services, and markets.

For future public policy the meaning of all of this can be summed up in three inequalities:

1. Agriculture Does Not Equal Rural America--for a long time, we have known it is improper to equate the needs of agriculture with those of rural areas, but we continue to do it anyway. Agriculture is an increasingly urban business even when it is done far away from the city. Thirty-six percent of the agricultural employment is in metropolitan areas now and only 12 percent of the nonmetropolitan employment is in agriculture. From a public policy standpoint, this says we should be careful about the arguments we make concerning the likely benefits to be achieved through certain public programs for either agriculture or the rural community. The welfare of the two have less and less to do with each other.

2. Industrial Development Does Not Equal Increased Community Well-Being--Gene Summers' recent work is a very important research finding in the field of economic development (Summers, 1976). It gets at the mythology of industrial development and shows new manufacturing plants often cost the rural community far more than it gains. The multiplier is much lower than we thought. We lack good ways to calculate in advance costs and benefits to different parties. The community

sometimes gives away its taxing potential to attract the industry and then must provide facilities to serve it. The labor force commutes in from a nearby metropolitan fringe with a lunch box. We need a wholesale revamping of both national and state economic development programs. We are paying a tremendous public price to take money out of one pocket and put into another. An even more serious concern is that we have not known what pocket we were putting it into.

2. Growth Or Increased Well-Being For Rural America Does Not Equal Growth Or Increased Well-Being For the Rural Community--Because much of the rural population and rural industry is directly linked to nearby metropolitan regions for supplies, services, and markets, the growth in rural population and even rural employment does not reflect a corresponding increase in the health of rural small communities. This is the final area that public policy should address. These communities are called upon to supply public services, but frequently they are losing ground economically. The fact of the matter is small town business is losing out to metropolitan areas. Rather than filtering its needs for equipment, supplies, or repairs through small town business, primary industries-- whether agriculture or manufacturing--increasingly go direct to metropolitan outlets. The retail consumer does the same thing, by-passing the small town store for the shopping centers. Economists do not worry about this sort of thing, because in their view it represents a triumph of the market economy and they have little enough of that to point to. But this "triumph" represents discontinuity. It represents a growing gap between those communities expected to

provide public services and their ability to pay for them. It represents increasing ability to some people and organizations to externalize their costs on others.

As Beale pointed out, people are slow to accept the notion that the growth patterns have changed. We knew and loved the notion that people were moving from the country to the city and it has been very hard to cast off the mental image of that kind of development pattern. If people are slow to accept that such changes have taken place, they are slower still to change public policy to adapt to such change. Our agriculture and community development policies are still based largely upon the images of the past--the need to keep people on the farm, even the small and relatively inefficient producer; the need to help depressed areas, which were largely rural. Congress and the state legislatures will have to be very busy and very effective in the next few years if we are to stop giving out the medicine to cure a sickness the patent no longer has while ignoring those that now afflict him.

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